GOVERNMENT OF INDIA
DISINVESTMENT
LOK SABHA

STARRED QUESTION NO:399
ANSWERED ON:18.12.2001
NATIONAL EQUITY FUND
SURESH RAMRAO JADHAV (PATIL)

Will the Minister of DISINVESTMENT be pleased to state:

(a) whether the Government propose to set up a National Equity Fund from the proceeds and disinvestment of PSUs;

(b) if so, the details thereof alongwith the purpose for which the Fund is likely to be used; and

(c) the time by which its use is likely to start?

Answer

MINISTER OF DISINVESTMENT AND MINISTER OF DEVELOPMENT OF NORTH EASTERN REGION (SHRI ARUN SHOURIE)

(a), (b) & (c) A statement is laid on the Table of the House.

Statement referred to in reply to parts (a), (b) and (c) of the Lok Sabha Starred Question No.399 for 18-12-2001 regarding National Equity Fund by Shri Suresh Ramrao Jadhav.

(a) The proposal to set up a Fund with the proceeds from disinvestment has been raised from time to time. Disinvestment Commission also recommended setting up of a Disinvestment Fund. This issue has also been examined and the current thinking of the Government is not in favour of setting up such an exclusive Fund.

(b) & (c) The disinvestment proceeds are deposited in the Consolidated Fund of India (CFI) like any other receipt of the Government of India. The expenditure out of the CFI include outlays for restructuring of public sector enterprises, social sectors like education, health and family welfare etc. As mentioned by the Finance Minister in his budget speechfor the year 2001-2002, out of the estimated receipt of Rs.12,000 crore from disinvestment during 2001-2002, an amount of Rs.7,000 crore will be used for providing restructuring assistance to PSUs, safety net to workers and reduction of debt burden.Contingent upon realisation of the anticipated receipt of Rs.12,000 crore, a sum of Rs.5,000 crore will be used to provide additional budgetary support for the Plan primarily in the social and infrastructure sectors.

It may be noted that total annual expenditure in these areas (social & infrastructure sectors, restructuring of PSUs etc.) every year has been much more than the receipts from disinvestment in those years.

Lok Sabha Starred Question No.399 for 18-12-2001 regarding National Equity Fund by Shri Suresh Ramrao Jadhav (Position No.19

Note for Supplementaries

Since 1991-92, Government has been disinvesting regularly with prior planning in the beginning of the year starting with the projected disinvestment in the Annual Budget. The annual targets set in this regard and the receipts from disinvestment in PSUs since 1991-92 are indicated below:-

(Rupees in Crore)

Year	Target	Receipts from disinvestment
1991-92	2500	3,038
1992-93	2500	1,913
1993-94	3500	NIL
1994-95	4000	4,843
1995-96	7000	168
1996-97	5000	380
1997-98	4,800	910
1998-99	5,000	5,371

1999-2000 10,000 1,829
2000-01 10,000 1,869
2001-02

(upto 14-12-2001) 12,000 212

TOTAL 66,300 20,533

2. The Union Budget (2001-2002) proposed to raised Rs.12,000 crore through disinvestment in public sector enterprises during the year 2001-2002. Out of this, an amount of Rs.7,000 crore out of this will be used for providing restructuring assistance to PSUs, safety net to workers and reduction of debt burden. A sum of Rs.5,000 crore will be used to provide additional budgetary support for the Plan primarily in the social and infrastructure sectors.

3. All disinvestment proceeds are deposited in the Consolidated Fund of India (CFI) like any other receipt of the Government of India. The expenditure out of the CFI include outlays for restructuring of public sector enterprises, social sectors like education, health and family welfare etc. A statement indicating the disinvestment proceeds as well as the budget support given to the public sector undertakings since 1992-93 is at Annexure. It will be observed from it that against the disinvestment receipt of Rs.17,495 crore during the years 1992-93 to 2001-02, the total budgetary support to PSUs given by the Government to the public sector undertakings during this period was Rs. 76,699 crore is several times more than the realisation from disinvestment in PSUs.

Annexure

Disinvestment proceeds and budget support to public sector undertakings.

(Rs. in crore)

Year	Disinvestment receipts Total Loans/ BudgetGrants+ Support	BUDGETARY SUPPORT TO PSUs Non-Plan National Renewal Fund	support to Equity	Grants from CPSUs+ Loans	Plan Budget
1992-93	1,913 600	689	2238	2403	5930
1993-94	NIL 780	542	2419	4072	7813
1994-95	4,843 911	252	3442	3613	8218
1995-96	168 1184	210	2050	3218	6662
1996-97	380 1459	201	2439	2956	7055
1997-98	910 1583	327	3004	2550	7464
1998-99	5,371 1854	393	3215	2161	7623
1999-00	1.829 1842	-	4377	2186	8405
2000-01	1,869 2081	-	4742	2460	9283
2001-02	(BE) 212+ 1374	-	5413	1459	8246
TOTAL	17,495 13,668	2,614	33,339	27,078	76,699

+ Receipts from disinvestment upto 14-12-2001.